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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 12, 2023

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7958
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 Scheduled date of the annual general meeting of shareholders: June 27, 2023
 Scheduled date of filing the annual securities report: June 28, 2023
 Scheduled date of commencing dividend payments: June 12, 2023
 Availability of supplementary briefing material on annual financial results: None
 Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded off.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2023	102,053	23.4	3,007	52.6	3,801	56.4	2,800	164.6
March 31, 2022	82,697	12.3	1,970	(31.9)	2,430	(16.7)	1,058	(64.8)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥7,929 million [74.4 %]

Fiscal year ended March 31, 2022: ¥4,547 million [76.8 %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	127.38	—	3.7	3.9	2.9
March 31, 2022	46.61	—	1.4	2.6	2.4

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2023: ¥69 million

Fiscal year ended March 31, 2022: ¥31 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	102,802	78,310	76.2	3,603.34
As of March 31, 2022	93,984	73,197	77.9	3,299.10

(Reference) Equity: As of March 31, 2023: ¥78,310 million

As of March 31, 2022: ¥73,197 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities abstract	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	7,495	1,325	(3,235)	22,403
March 31, 2022	3,054	(288)	(4,724)	15,281

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	–	40.00	–	42.00	82.00	1,848	175.9	2.5
March 31, 2023	–	40.00	–	42.00	82.00	1,795	64.4	2.3
Fiscal year ending March 31, 2024 (Forecast)	–	40.00	–	42.00	82.00		57.5	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2023	45,000	(0.1)	1,000	81.1	1,300	22.2	1,100	171.4	50.62
Full year	97,000	(5.0)	3,200	6.4	3,800	(0.0)	3,100	10.7	142.64

* Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2023: 25,313,026 shares

March 31, 2022: 25,313,026 shares

2) Total number of treasury shares at the end of the period:

March 31, 2023: 3,580,340 shares

March 31, 2022: 3,126,076 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023: 21,982,503 shares

Fiscal year ended March 31, 2022: 22,703,658 shares

- * The Company's shares owned by the stock granting trust for Officers are included in the treasury shares to be deducted in the calculation of total number of treasury shares at the end of the period.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	20,013	(2.7)	(1,355)	–	1,878	94.7	2,623	475.5
March 31, 2022	20,561	(10.0)	(578)	–	964	(51.7)	456	(74.2)

	Basic earnings per share		Diluted earnings per share	
Fiscal year ended	Yen		Yen	
March 31, 2023	119.32		–	
March 31, 2022	20.08		–	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	54,777	50,422	92.0	2,320.08
As of March 31, 2022	54,265	50,050	92.2	2,255.84

(Reference) Equity: As of March 31, 2023: ¥50,422 million

As of March 31, 2022: ¥50,050 million

- * These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “1. Overview of Business Results, etc., (4) Future Outlook” on page 5 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Period Under Review

The world economy during the fiscal year (from April 1, 2022 to March 31, 2023) faced growing concerns about a major economic downturn due to the prolonged Ukraine crisis as well as instability in the financial system triggered by the collapse of financial institutions in the U.S.

In the Japanese economy, increased momentum for wage increases and the start of lifestyles for living with COVID-19 have led to a recovery in personal consumption in some areas, but we expect it will still take time for a full-fledged economic recovery, which is being undermined by soaring prices and serious labor shortages.

In these circumstances, the Group developed building a foundation for achievement of the mid- to long-term growth strategy based on the “Third Medium-term Management Plan” released in May 2021. Meanwhile, the Group maintained flexible production systems in response to the production conditions of business partners.

As a result, net sales amounted to 102,053 million yen (123.4% year on year), and substantially exceeded 84,500 million yen, the goal of the second year of the Third Medium-term Management Plan. It was the first time that the Group has reached 100,000 million yen levels.

Regarding profit, raw material prices rose in the field of household synthetic resin products and related products and factory operations were suspended in some areas due to the COVID-19 pandemic in the first half of the fiscal year under review. However, the decline in factory operating ratios of the Group due to production adjustments by our business partners in the field of industrial synthetic resin products during the COVID-19 pandemic have mostly been eliminated, leading to improvements in production efficiencies. As a result, operating profit amounted to 3,007 million yen (152.6% year on year), falling short of the goal of the second year of the Third Medium-term Management Plan of 3,800 million yen. Ordinary profit amounted to 3,801 million yen (156.4% year on year) mainly due to the increase in foreign exchange gains and interest income, while profit attributable to owners of parent amounted to 2,800 million yen (264.6% year on year) mainly due to profit on liquidation of subsidiaries and associates.

Operating results by segment are as follows.

(Japan)

In the field of industrial synthetic resin products, sales of vehicle related products increased due to the easing of shortages of semiconductors, etc. despite lower production of some existing electrical and electronics related products, while new orders related to household fixtures were received, and sales in this field increased. In the mainstay field of household synthetic resin products and related products, sales decreased due to a slow recovery in consumption of consumer goods, as consumers remained strongly budget-minded towards consumer goods amid soaring prices.

Regarding profit, even though the Company worked on cost reduction mainly by improving logistics efficiency, profit was well below the previous year’s results due to the drop in sales in the field of household synthetic resin products and related products, as well as the rise in raw material prices, soaring electricity costs and other factors.

As a result, net sales for this segment amounted to 20,185 million yen (97.3% year on year), and segment loss (operating loss) amounted to 96 million yen (segment profit of 669 million yen in the previous fiscal year).

(China)

Sales decreased in the field of household synthetic resin products and related products due to the impact of the Shanghai lockdown, etc. On the other hand, in the field of industrial synthetic resin products, despite the suspension of factory operations due to the COVID-19 pandemic in some areas, sales significantly increased in TENMA PRECISION (SHENZHEN) CO., LTD. and TENMA PRECISION (ZHONGSHAN) CO., LTD. with an increase in the recovery in production due to the overall return to normal for production operations of electrical and electronics related business partners, while some business partners transferred their production from Southeast Asia and the yen conversion value increased due to the depreciation of the yen.

As in Japan, profits were much higher than the results for the previous year due to higher sales in the field of industrial synthetic resin products as well as successes such as in curbing labor costs through improvements in production efficiency and other measures, despite higher raw material prices in the field of household synthetic resin products and related products.

As a result, net sales for this segment amounted to 26,178 million yen (122.3% year on year), and segment profit (operating profit) amounted to 1,512 million yen (144.5% year on year.)

(Southeast Asia)

In the field of industrial synthetic resin products, the impact of the COVID-19 pandemic waned, while supply shortages for electronics parts, etc. eased, with production operations returning to normal for many business partners. In particular, there was considerable recovery in electrical and electronics related products in Vietnam and Thailand, household electrical appliances related products in Thailand, and vehicles related products in Vietnam and Indonesia, and sales were much higher than the results for the previous year.

Regarding profit, in addition to the increase in sales in each region, inefficient production systems such as the declining factory operating ratios of the Group due to production adjustments by business partners caused by the COVID-19 pandemic have mostly been eliminated, and profits were much higher than the results for the previous year.

As a result, net sales for this segment amounted to 55,690 million yen (137.3% year on year), and segment profit (operating profit) amounted to 2,850 million yen (196.6% year on year.)

(2) Overview of Financial Position for the Period Under Review

(Assets)

The total assets at the end of the consolidated fiscal year under review increased by 8,817 million yen compared to the end of the previous consolidated fiscal year, reaching 102,802 million yen at the end of the fiscal year ended March 31, 2023. This was mainly due to increases in cash and deposits by 3,313 million yen, notes and accounts receivable - trade by 2,683 million yen, buildings and structures by 937 million yen, and investment securities by 724 million yen.

(Liabilities)

The total liabilities at the end of the consolidated fiscal year under review increased by 3,704 million yen compared to the end of the previous consolidated fiscal year, reaching 24,491 million yen at the end of the fiscal year ended March 31, 2023. This was mainly due to increases in notes and accounts payable - trade by 2,313 million yen and deferred tax liabilities by 532 million yen.

(Net assets)

The total net assets at the end of the consolidated fiscal year under review increased by 5,113 million yen compared to the end of the previous consolidated fiscal year, reaching 78,310 million yen at the end of the fiscal year ended March 31, 2023. This was mainly due to increases in foreign currency translation adjustment by 4,308 million yen, treasury shares, a deduction item by 1,001 million yen, retained earnings by 986 million yen and valuation difference on available-for-sale securities by 564 million yen.

(3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents for the consolidated fiscal year under review increased by 7,123 million yen compared to the end of the previous consolidated fiscal year, reaching 22,403 million yen at the end of the fiscal year ended March 31, 2023.

The following is a summary of cash flows for each activity and related causes.

Cash flows from operating activities

Cash flows from operating activities increased by 7,495 million yen (increased by 4,441 million yen year on year). This was mainly due to 4,452 million yen in depreciation and amortization, 4,433 million yen in income before income taxes and 1,259 million yen in increase in notes and accounts payable – trade, in spite of the 1,176 million yen in increase in notes and accounts receivable - trade and 989 million yen in income taxes paid.

Cash flows from investing activities

Cash flows from investing activities increased by 1,325 million yen (increased by 1,612 million yen year on year). This was mainly due to 22,077 million yen in withdrawal of time deposits, etc. in spite of 17,760 million yen in payments into time deposits, and 2,941 million yen in purchase of property plant and equipment.

Cash flows from financing activities

Cash flows from financing activities decreased by 3,235 million yen (increased by 1,489 million yen year on year). This was mainly due to 1,814 million yen in cash dividends paid and increase in treasury stock by 1,001 million yen.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	81.3	78.4	78.9	77.9	76.2
Equity ratio based on fair value (%)	54.2	41.1	55.7	57.1	49.6
Interest-bearing debt to cash flow ratio (years)	-	-	-	-	-
Interest coverage ratio	-	-	-	-	-

(Notes) Equity ratio: Shareholders' equity / Total assets
Equity ratio based on fair value: Total market value of shares / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debts / Operating cash flow
Interest coverage ratio: Operating cash flow / Interest paid

1. The indicators were calculated using consolidated financial figures.
2. The total market value of shares was calculated by multiplying the closing price of the closing date by the total number of shares outstanding (less the treasury shares).
3. Operating cash flow is the figure of net cash provided by (used in) operating activities recorded in the Consolidated Statements of Cash Flows. Interest-bearing debts include all debts recorded on the Consolidated Balance Sheets for which interest is paid. Interest paid is the interest expenses paid shown in the Consolidated Statements of Cash Flows.
4. Interest-bearing debt to cash flow ratio and interest coverage ratio are omitted due to no interest-bearing debts or interest paid.

(4) Future Outlook

Regarding the future of the global economy, the challenging situation continues with increased uncertainty amid the prolonged crisis in Ukraine and credit uncertainty at financial institutions in the U.S. and Europe. Regarding the Japanese economy, amid the continuing rise in consumer prices, the unclear situation may continue due to the weak recovery in consumption of consumer goods as well as the rise in raw material prices, soaring electricity costs and other factors.

In the context of this situation, the Group has established the Third Medium-term Management Plan (released on May 13, 2021), with the 76th fiscal year (fiscal year ending March 31, 2024) as the target year for its fulfillment.

Under the theme of “Progress toward 100-Year-Old Company,” the Group set a goal of realizing “A prosperous society where people and plastics live in harmony” as a long-term vision, and is operating with the basic policy of “Promotion of sustainable management” and “Building a foundation for growth.”

Regarding numerical targets for the Third Medium-term Management Plan, the Group targets 87,000 million yen in consolidated net sales for the final year, 4,200 million yen in consolidated operating profit, and 4.6% or higher in ROE. The Group positioned these three years as the transition period for the realization of the long-term vision and achievement of long-term numerical targets (fiscal year ending March 31, 2031), 110,000 million yen in net sales, 9,000 million yen in consolidated operating profit, 9% or higher in ROE, and 9% or higher in ROIC.

To achieve the goal, the Group will drive specific strategies. For the policy of “Promotion of sustainable management,” the strategies will be: “1. Human resource efforts,” “2. Environmental issue efforts,” and “3. Enhancement of governance.” For the policy of “Building a foundation for growth,” the strategies will be: “4. Implementation of DX (digital transformation) and automation,” “5. Implementation of technology development,” and “6. Expansion of business areas.” Accordingly, we will bolster sustainable growth and further improve our corporate value, and seek to continue development of the Group.

For the consolidated full-year results for the fiscal year ending March 31, 2024, factoring in the decline in orders received due to inventory adjustments by business partners in the field of industrial synthetic resin products for sales and the impact of price revisions in the field of household synthetic resin products and related fields for profit, the Group expects 97,000 million yen in net sales, 3,200 million yen in operating profit, 3,800 million yen in ordinary profit, and 3,100 million yen in profit attributable to owners of parent.

(5) Profit Distribution Policy and Payments for This Period and Next Period

The Group regards striving to enhance the distribution of profits and the sustainable growth of corporate value as one of the important management issues, while aggressively investing for the achievement of the mid- to long-term growth strategy, and maintaining financial soundness.

Regarding dividends, the Group considers enhancing the return of profits as one of its major management issues, with the goal of maintaining a consolidated dividend on equity ratio (DOE) of 2.5% or more. In addition, continuing the stable provision of dividends has been set as its basic policy, with the aim of further improving the return of profits. Furthermore, the Company’s basic policy includes the consideration of increasing dividends through improved performance and the achievement progress of management targets.

Regarding purchase of own shares, while considering changes in free cash flow and situations, the Company deliberates expeditiously and proactively on the option of distribution to the shareholders.

We announced revisions to our dividend forecast (an increase) on February 10, 2023 based on the above dividend policy. To make the annual dividend at the end of the fiscal year under review amount to 82 yen per share, which is 2.5% or higher in consolidated dividend on equity ratio (DOE), we intend to increase the year-end dividend by 2 yen per share to 42 yen.

In regard to the next fiscal year, we forecast an interim dividend of 40 yen per share and a year-end dividend of 42 yen per share, combined to make an annual dividend of 82 yen.

2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group applies Japanese GAAP. Regarding application of IFRS (International Financial Reporting Standards), the Group will deliberate in consideration of the application trends of other companies in Japan.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	27,364,663	30,677,991
Notes and accounts receivable - trade	17,104,604	19,787,672
Merchandise and finished goods	3,474,046	3,669,068
Work in process	711,353	688,595
Raw materials and supplies	4,802,790	5,077,348
Other	1,700,291	1,688,442
Allowance for doubtful accounts	(1,979)	(1,258)
Total current assets	55,155,769	61,587,858
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,908,693	29,611,485
Accumulated depreciation	(13,540,306)	(15,306,160)
Buildings and structures, net	13,368,387	14,305,325
Machinery, equipment and vehicles	36,181,579	40,463,755
Accumulated depreciation	(27,596,310)	(31,535,604)
Machinery, equipment and vehicles, net	8,585,269	8,928,151
Land	2,480,578	2,586,733
Right-of-use assets	4,638,934	5,205,541
Accumulated depreciation	(1,485,171)	(2,087,090)
Right-of-use assets, net	3,153,764	3,118,451
Construction in progress	844,693	178,228
Other	9,102,089	9,354,217
Accumulated depreciation	(8,333,456)	(8,444,269)
Other, net	768,633	909,948
Total property, plant and equipment	29,201,324	30,026,836
Intangible assets		
Other	2,595,040	2,736,059
Total intangible assets	2,595,040	2,736,059
Investments and other assets		
Investment securities	4,032,851	4,756,915
Retirement benefit asset	2,214,175	2,817,877
Deferred tax assets	141,179	177,474
Other	650,950	706,232
Allowance for doubtful accounts	(6,903)	(7,407)
Total investments and other assets	7,032,253	8,451,091
Total non-current assets	38,828,616	41,213,986
Total assets	93,984,385	102,801,844

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,478,595	11,791,252
Income taxes payable	372,621	608,039
Provision for bonuses	826,783	868,627
Provision for taxes related expenses	128,895	127,781
Provision for loss on liquidation of subsidiaries and associates	6,844	–
Provision for loss on business liquidation	–	32,840
Other	4,022,871	4,492,167
Total current liabilities	14,836,609	17,920,707
Non-current liabilities		
Long-term accounts payable - other	22,531	13,632
Provision for share awards for directors (and other officers)	62,118	108,326
Provision for share awards for employees	–	3,757
Retirement benefit liability	318,787	393,806
Lease liabilities	3,146,876	3,139,649
Asset retirement obligations	522,367	502,178
Deferred tax liabilities	1,812,871	2,344,388
Provision for business restructuring	65,254	64,994
Total non-current liabilities	5,950,804	6,570,730
Total liabilities	20,787,413	24,491,437
Net assets		
Shareholders' equity		
Share capital	19,225,350	19,225,350
Capital surplus	14,856,522	14,856,522
Retained earnings	39,596,800	40,582,374
Treasury shares	(5,591,856)	(6,592,755)
Total shareholders' equity	68,086,815	68,071,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	996,970	1,560,749
Foreign currency translation adjustment	3,328,466	7,636,873
Remeasurements of defined benefit plans	784,648	1,041,215
Total accumulated other comprehensive income	5,110,083	10,238,837
Non-controlling interests	74	79
Total net assets	73,196,972	78,310,407
Total liabilities and net assets	93,984,385	102,801,844

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	82,696,820	102,052,767
Cost of sales	69,607,791	87,278,001
Gross profit	13,089,029	14,774,765
Selling, general and administrative expenses		
Freight and packing costs	3,709,714	3,443,399
Salaries and allowances	2,643,798	3,012,054
Other	4,765,220	5,312,334
Total selling, general and administrative expenses	11,118,731	11,767,787
Operating profit	1,970,297	3,006,978
Non-operating income		
Interest income	131,018	249,013
Dividend income	127,853	136,051
Share of profit of entities accounted for using equity method	31,168	69,268
Foreign exchange gains	167,100	227,684
Other	148,769	281,055
Total non-operating income	605,908	963,071
Non-operating expenses		
Interest expenses	115,658	124,113
Other	30,257	45,106
Total non-operating expenses	145,916	169,219
Ordinary profit	2,430,289	3,800,830
Extraordinary income		
Gain on sale of non-current assets	30,627	40,939
Gain on liquidation of subsidiaries and associates	–	696,684
Reversal of provision for business restructuring	918	–
Settlement income	–	105,000
Reversal of provision for taxes related expenses	–	127,309
Total extraordinary income	31,546	969,932
Extraordinary losses		
Loss on sale of non-current assets	2,572	1,959
Loss on retirement of non-current assets	26,141	13,715
Loss on liquidation of subsidiaries and associates	–	5,331
Provision for loss on litigation	–	25,000
Provision for loss on business liquidation	–	51,000
Provision for taxes related expenses	–	120,909
Loss related to COVID-19	92,424	120,277
Loss on valuation of shares of subsidiaries and associates	37,566	–
Total extraordinary losses	158,703	338,191
Profit before income taxes	2,303,132	4,432,572
Income taxes - current	789,471	1,214,336
Income taxes - deferred	455,452	418,149
Total income taxes	1,244,923	1,632,485
Profit	1,058,209	2,800,087
Profit attributable to non-controlling interests	3	1
Profit attributable to owners of parent	1,058,206	2,800,086

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,058,209	2,800,087
Other comprehensive income		
Valuation difference on available-for-sale securities	(53,519)	563,780
Foreign currency translation adjustment	3,481,153	4,287,731
Remeasurements of defined benefit plans, net of tax	16,971	256,567
Share of other comprehensive income of entities accounted for using equity method	44,465	20,680
Total other comprehensive income	3,489,071	5,128,758
Comprehensive income	4,547,279	7,928,845
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,547,269	7,928,840
Comprehensive income attributable to non-controlling interests	10	5

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,225,350	17,531,538	40,388,885	(5,871,390)	71,274,383
Cumulative effects of changes in accounting policies			(9,490)		(9,490)
Restated balance	19,225,350	17,531,538	40,379,395	(5,871,390)	71,264,893
Changes during period					
Dividends of surplus			(1,840,801)		(1,840,801)
Profit attributable to owners of parent			1,058,206		1,058,206
Purchase of treasury shares				(2,395,483)	(2,395,483)
Cancellation of treasury shares		(2,675,016)		2,675,016	—
Net changes in items other than shareholders' equity					—
Total changes during period	—	(2,675,016)	(782,596)	279,533	(3,178,078)
Balance at end of period	19,225,350	14,856,522	39,596,800	(5,591,856)	68,086,815

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,050,488	(197,145)	767,677	1,621,020	64	72,895,467
Cumulative effects of changes in accounting policies						(9,490)
Restated balance	1,050,488	(197,145)	767,677	1,621,020	64	72,885,977
Changes during period						
Dividends of surplus						(1,840,801)
Profit attributable to owners of parent						1,058,206
Purchase of treasury shares						(2,395,483)
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	(53,519)	3,525,611	16,971	3,489,063	10	3,489,074
Total changes during period	(53,519)	3,525,611	16,971	3,489,063	10	310,995
Balance at end of period	996,970	3,328,466	784,648	5,110,083	74	73,196,972

For the fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,225,350	14,856,522	39,596,800	(5,591,856)	68,086,815
Cumulative effects of changes in accounting policies					-
Restated balance	19,225,350	14,856,522	39,596,800	(5,591,856)	68,086,815
Changes during period					
Dividends of surplus			(1,814,512)		(1,814,512)
Profit attributable to owners of parent			2,800,086		2,800,086
Purchase of treasury shares				(1,000,898)	(1,000,898)
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	985,575	(1,000,898)	(15,324)
Balance at end of period	19,225,350	14,856,522	40,582,374	(6,592,755)	68,071,491

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	996,970	3,328,466	784,648	5,110,083	74	73,196,972
Cumulative effects of changes in accounting policies						-
Restated balance	996,970	3,328,466	784,648	5,110,083	74	73,196,972
Changes during period						
Dividends of surplus						(1,814,512)
Profit attributable to owners of parent						2,800,086
Purchase of treasury shares						(1,000,898)
Cancellation of treasury shares						-
Net changes in items other than shareholders' equity	563,780	4,308,408	256,567	5,128,754	5	5,128,759
Total changes during period	563,780	4,308,408	256,567	5,128,754	5	5,113,435
Balance at end of period	1,560,749	7,636,873	1,041,215	10,238,837	79	78,310,407

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,303,132	4,432,572
Depreciation	4,096,205	4,452,070
Settlement income	–	(105,000)
Increase (decrease) in provision for bonuses	(42,657)	(18,704)
Increase (decrease) in allowance for doubtful accounts	113	(721)
Increase (decrease) in provision for share awards for directors (and other officers)	21,472	46,208
Increase (decrease) in provision for share awards for employees	–	3,757
Increase (decrease) in provision for taxes related expenses	(17,922)	(16,765)
Increase (decrease) in provision for business restructuring	(3,119)	(260)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(28,514)	(7,782)
Decrease (increase) in retirement benefit asset	(212,466)	(234,009)
Increase (decrease) in retirement benefit liability	(30,517)	37,425
Increase (decrease) in provision for loss on business liquidation	–	32,840
Interest and dividend income	(258,871)	(385,064)
Interest expenses	115,658	124,113
Loss (gain) on liquidation of subsidiaries and associates	–	(691,353)
Foreign exchange losses (gains)	(210,680)	234,620
Loss on retirement of non-current assets	26,141	13,715
Loss (gain) on sale of non-current assets	(28,055)	(38,981)
Loss (gain) on valuation of shares of subsidiaries and associates	37,566	–
Loss (gain) on valuation of investments in capital	8,938	–
Decrease (increase) in trade receivables	(225,321)	(1,176,245)
Decrease (increase) in inventories	(2,237,328)	205,123
Increase (decrease) in trade payables	(47,649)	1,258,599
Share of loss (profit) of entities accounted for using equity method	(31,168)	(69,268)
Other, net	352,339	(9,739)
Subtotal	3,587,297	8,087,150
Interest and dividends received	225,136	316,782
Settlement received	–	105,000
Payments for loss on litigation	–	(25,000)
Income taxes paid	(758,903)	(989,012)
Net cash provided by (used in) operating activities	3,053,529	7,494,920
Cash flows from investing activities		
Payments into time deposits	(28,605,038)	(17,760,192)
Proceeds from withdrawal of time deposits	31,329,961	22,076,866
Purchase of property, plant and equipment	(2,948,125)	(2,941,394)
Proceeds from sale of property, plant and equipment	45,210	76,137
Payments for retirement of property, plant and equipment	3,139	(2,052)
Purchase of intangible assets	(53,293)	(58,842)
Purchase of investment securities	(1,794)	(1,718)
Purchase of shares of unconsolidated subsidiaries	–	(85,820)

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Proceeds from liquidation of unconsolidated subsidiaries	–	23,803
Payments for investments in investment partnerships	(58,887)	–
Proceeds from collection of loans receivable	1,295	1,162
Loan advances	(116)	(3,376)
Net cash provided by (used in) investing activities	(287,648)	1,324,575

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(2,395,483)	(1,000,898)
Dividends paid	(1,841,205)	(1,814,226)
Payments for lease obligations	(487,344)	(419,435)
Net cash provided by (used in) financing activities	(4,724,032)	(3,234,560)
Effect of exchange rate change on cash and cash equivalents	1,133,193	1,537,659
Net increase (decrease) in cash and cash equivalents	(824,957)	7,122,594
Cash and cash equivalents at beginning of period	16,105,834	15,280,877
Cash and cash equivalents at end of period	15,280,877	22,403,471

(5) Notes to Consolidated Financial Statements
(Notes on Going Concern Assumption)
Not applicable.

(Changes in accounting policies)
Not applicable.

(Additional information)

(Share granting trust for Officers)

The Company implemented the share-based remuneration plan “Share granting trust for Officers” for Directors (excluding Outside Directors and Directors who are members of the Audit and Supervisory Committee, hereinafter the same) and Corporate Executive Officers (hereinafter referred to as the “Directors, etc.”) with the aim of achieving the targets by boosting the motivation of Directors, etc., to contribute to the improvement of the Company’s mid- to long-term business performance and enhancement of its corporate value.

(1) Details of the transaction

The Plan is a share-based remuneration plan whereby a trust (hereinafter referred to as “Share granting trust for Officers”) funded and created by the Company shall acquire the Company’s shares and provide each Director the equivalent number of the Company’s shares to the number of points that each Director is granted by the Company through the Share granting trust for Officers. The timing that Directors, etc. are provided the Company’s shares shall be at the time of their retirements in principle.

(2) Company’s shares remaining in the Trust

The Company’s shares remaining in the Trust are recorded in net assets as treasury shares with the book value of the Trust (excluding the amount of incidental cost). The book value and the number of shares for the previous fiscal year were 77,615 thousand yen and 33,997 shares, and for the fiscal year under review 77,615 thousand yen and 33,997 shares.

(Share-based remuneration plan for Employees)

The Company has introduced a performance-linked share-based remuneration plan for some employees (hereinafter referred to as “Employees”) for the purpose of striving to increase the Company’s mid- to long-term corporate value by enhancing the welfare and benefits system for employees, while fostering a team spirit among employees, instilling an awareness of management participation, and increasing awareness of the Company’s performance and share price.

(1) Details of the transaction

The Plan is a share-based remuneration plan whereby a trust (hereinafter referred to as “Share granting trust for Employees”) funded and created by the Company shall acquire the Company’s shares and provide employees who meet certain criteria the equivalent number of the Company’s shares to the number of points that such employees are granted by the Company through the Share granting trust for Employees.

(2) Company’s shares remaining in the Trust

No Company’s shares currently remain in the Trust.

(Segment information, etc.)
[Segment information]

1. Description of reportable segments

The Group's reportable segments shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Group mainly operates in the manufacture and sales of synthetic resin products. The Company is responsible for businesses in Japan, and overseas subsidiaries of China (including Hong Kong) and Southeast Asia (Indonesia, Thailand, and Vietnam) are responsible for each area. Each subsidiary is an independent management unit, and engages in its business activities by comprehensively developing strategies.

Therefore, the Group is composed of the segments based on the Company and consolidated subsidiaries. In order to provide appropriate information regarding business activities and business environment, the Group consolidated three segments whose areas of manufacture/sale or elements of products are generally similar, defined as "Japan," "China," and "Southeast Asia" as reportable segments.

2. Method of measurement for the amounts of net sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting method for the operating segments that are reportable is the same as described in "Basis of preparation of consolidated financial statements." Reportable segment profit figures are based on operating profit. Inter-segment net sales and transfers are mainly based on market prices.

3. Information on net sales and profit (loss) by reportable segment

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Reportable segment			Total
	Japan	China	Southeast Asia	
Net sales				
Net sales to outside customers	20,735,214	21,395,749	40,565,858	82,696,820
Inter-segment net sales or transfers	93,771	247,566	94	341,431
Total	20,828,984	21,643,315	40,565,952	83,038,251
Segment profit	669,194	1,046,347	1,449,298	3,164,840
Segment assets	22,470,323	25,893,113	34,734,028	83,097,464
Other				
Depreciation and amortization	1,057,457	973,485	2,049,241	4,080,184
Increase in property, plant and equipment and intangible assets	801,281	343,873	1,482,556	2,627,711

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousand yen)

	Reportable segment			Total
	Japan	China	Southeast Asia	
Net sales				
Net sales to outside customers	20,184,793	26,177,605	55,690,369	102,052,767
Inter-segment net sales or transfers	87,159	380,050	39,191	506,400
Total	20,271,952	26,557,655	55,729,560	102,559,167
Segment profit (loss)	(95,516)	1,511,679	2,849,979	4,266,142
Segment assets	28,591,105	26,891,426	41,844,761	97,367,292
Other				
Depreciation and amortization	1,096,133	1,127,321	2,217,570	4,441,024
Increase in property, plant and equipment and intangible assets	810,302	339,053	1,910,900	3,060,255

4. Difference between the total reportable segment and the amount recorded in consolidated financial statements, and description of said difference (comparability adjustment)

(Thousand yen)

Net sales	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Total reportable segment	83,038,251	102,559,167
Inter-segment eliminations	(341,430)	(506,400)
Net sales in Consolidated Financial Statements	82,696,820	102,052,767

(Thousand yen)

Profit	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Total reportable segment	3,164,840	4,266,142
Inter-segment eliminations	31,290	10,200
Corporate expenses*	(1,225,834)	(1,269,364)
Operating profit in Consolidated Financial Statements	1,970,297	3,006,978

* Corporate expenses are mainly the expenses of the parent company's management department which does not belong to a reportable segment.

(Thousand yen)

Assets	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Total reportable segment	83,097,464	97,367,292
Corporate assets *1	19,387,713	13,678,754
Other adjustment *2	(8,500,791)	(8,244,202)
Total assets in Consolidated Financial Statements	93,984,385	102,801,844

*1 Corporate assets are mainly the assets of the parent company's management department which does not belong to a reportable segment.

*2 Other adjustment is mainly the amount of transaction elimination.

(Thousand yen)

Other	Total Reportable segment		Adjustment		Consolidation	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Depreciation and amortization	4,080,184	4,441,024	16,021	11,046	4,096,205	4,452,070
Increase in property, plant and equipment and intangible assets	2,627,711	3,060,255	83,844	9,753	2,711,555	3,070,008

* The adjustment of increase in property, plant and equipment and intangible assets is mainly the capital expenditure and the transaction elimination of the parent company's management department which does not belong to a reportable segment.

(Per share information)

Item	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	3,299.10 yen	3,603.34 yen
Basic earnings per share	46.61 yen	127.38 yen

(Notes) 1. Diluted earnings per share is not described as dilutive shares do not exist.

2. For the purpose of calculating the basic earnings per share, the treasury shares remaining in trust posted as treasury shares in Shareholders' equity are included in the treasury shares deducted in the calculation of the average number of shares during the fiscal year under review. For the purpose of calculating the net assets per share, the treasury shares so remaining in trust are included in the treasury shares deducted from the total number of shares issued at the end of the fiscal year under review.

For the purpose of calculating the basic earnings per share, the average number of treasury shares, so deducted, during the previous consolidated fiscal year was 33,997 shares, and during the consolidated fiscal year under review was 33,997 shares. For the purpose of calculating the net assets per share, the number of treasury shares, so deducted, as of the end of the previous consolidated fiscal year was 33,997 shares, and as of the end of the consolidated fiscal year under review was 33,997 shares.

3. The basis for the calculation of basic earnings per share is as follows.

Item	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	1,058,206	2,800,086
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relevant to common shares (Thousand yen)	1,058,206	2,800,086
Average number of common shares during period (Shares)	22,703,658	21,982,503

4. Calculation basis for net assets per share is as follows.

Item	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share		
Total of net assets (Thousand Yen)	73,196,972	78,310,407
Main items of the difference (Thousand yen)	74	79
(Of which Non-controlling interests)	(74)	(79)
Net assets relevant to common shares (Thousand yen)	73,196,898	78,310,328
Total number of issued common shares (Shares)	25,313,026	25,313,026
Total number of treasury shares of common shares (Shares)	3,126,076	3,580,340
Number of common shares used to calculate net asset per share (Shares)	22,186,950	21,732,686

(Significant subsequent events)

(Purchase of the Company's own shares)

The Company resolved matters pertaining to the acquisition of treasury shares based on the provisions of Article 156 of the Companies Act as applied by replacing the terms and phrases pursuant to the provisions of Article 165, Paragraph 3 of the same act at the Board of Directors meeting held on May 12, 2023 as follows.

- | | |
|---|--|
| 1. Reason for purchase of treasury shares | In order to enable expeditious capital policy corresponding to changes in the business environment, along with improving capital efficiency. |
| 2. Class of shares for purchase | Common shares of the Company |
| 3. Total shares for purchase | 1,100,000 shares (upper limit) (5.06% of total shares outstanding, excluding treasury shares) |
| 4. Total purchase cost of the shares | 2,000,000,000 yen (Maximum) |
| 5. Purchase period | June 1, 2023 to March 31, 2024 |
| 6. The method of acquisition | Market buying in the Tokyo Stock Exchange |

(Cancellation of treasury shares)

The Company resolved to cancel treasury shares based on the provisions of Article 178 of the Companies Act at the Board of Directors meeting held on May 12, 2023 as follows.

- | | |
|--|--|
| 1. Class of shares for cancellation | Common shares of the Company |
| 2. Total number of shares to be cancelled | 1,000,000 shares (3.95% of total shares outstanding before cancellation) |
| 3. Total shares outstanding after cancellation | 24,313,026 shares |
| 4. Scheduled date of cancellation | May 31, 2023 |

(Disposal of treasury shares as share-based remuneration)

The Company resolved to dispose of treasury shares as share-based remuneration (hereinafter referred to as "Treasury Shares Disposal") at the Board of Directors meeting held on May 12, 2023 as follows.

- Summary of disposal
 - Payment date
May 30, 2023
 - Class and number of shares for disposal
220,000 shares of common shares of the Company
(Of which 207,000 shares for the share-based remuneration plan for Officers and 13,000 for the share-based remuneration plan for Employees)
 - Disposal price
2,369 yen per share
 - Total disposal price
521,180,000 yen (Of which 490,383,000 for the share-based remuneration plan for Officers and 30,797,000 yen for the share-based remuneration plan for Employees)
 - Recipients
Sumitomo Mitsui Trust Bank, Limited (Trust Account)
(Re-trust Trustee: Custody Bank of Japan, Ltd. (Trust account))
 - Other
Treasury Shares Disposal shall be subject to the filing under the Financial Instruments and Exchange Act becoming effective.
- Purpose and reason for disposal
 - Share-based remuneration plan for Officers
Treasury Shares Disposal is for the purpose of clarifying the link between the remuneration of Directors of the Company (excluding Directors who are Outside Directors and members of the Audit and Supervisory Committee) and Corporate Officers (hereinafter collectively referred to as "Directors, etc.") and the Company's share value, and to increase the motivation to improve mid- to long-term performance and increase corporate value by Directors, etc. sharing the profit and risk of fluctuations in share price with shareholders. This is undertaken in accordance with the resolution for introduction at the Board of Directors meeting held on May 17, 2017, resolution approved at the 69th Ordinary General Meeting of Shareholders held on June 27, 2017 and the resolution that approved "the partial amendments and continuation of the Plan" at the 74th Ordinary General Meeting of Shareholders held on June 23, 2022.
 - Share-based remuneration plan for Employees
Treasury Shares Disposal is a performance-linked share-based remuneration plan for certain employees for the purpose of striving to increase the Company's mid- to long-term corporate value by enhancing the welfare and benefits system for employees of the Company while fostering a team spirit among employees, instilling

an awareness of management participation, and increasing awareness of the Company's performance and share price, which is undertaken in accordance with a resolution for introduction at the Board of Directors meeting held on November 25, 2022.

(Completion of acquisition of shares in Indonesia (turning it into a subsidiary))

The Company resolved at its Board of Directors meeting held on March 3, 2023 to acquire all the shares of PT. Hyuk Jin Indonesia (hereinafter referred to as "HJI Co"), a manufacturer of die molds in Indonesia, and to turn it into a subsidiary, and entered into a share purchase agreement (hereinafter referred to as "the Agreement"). The Company concluded the acquisition of the shares of the said company on April 19, 2023 pursuant to the Agreement.

1. Reason for acquisition of shares

As a plastic molding and processing manufacturer, the Company manufactures high quality products in our own product business and made-to-order product business. "Expansion of business areas" was one business strategy in our Third Medium-term Management Plan, formulated in May 2021, and we have proceeded with developing the die mold business as a concrete measure.

To accelerate the realization of this strategy, we decided that it would be effective to incorporate a die mold manufacturer into the Group, and decided to acquire the shares.

HJI Co is a well-respected die mold manufacture inside and outside Indonesia and it has provided high quality die molds for industries including automobiles and electronic equipment. The company also contributes to community development and is socially responsible. Through this acquisition, the Company will be able to incorporate the skills of die mold manufacturing and manufacturing know-how possessed by HJI Co, as well as human resource development and capacity into the Group, and increase our competitiveness as a plastic molding and processing manufacturer.

2. Name, Business Activities, and Capital of company to be transferred

Name	PT. Hyuk Jin Indonesia
Business Activities	Die mold industry (printing press) and domestic marketing of its output
Capital	IDR 7,680,000,000

3. Counterparty for the acquisition of shares

Hyuk Jin Co., Ltd. and two individual shareholders

4. Number of shares to be acquired

Number of shares acquired	4,000 shares
Ratio of equity interest after acquisition	100%

5. Schedule

Date of conclusion of share purchase agreement	March 3, 2023
Effective date of share transfer	April 19, 2023

(Execution of share purchase agreement concerning the acquisition of shares in North America (turning it into a subsidiary))

The Company resolved at its Board of Directors meeting held on May 12, 2023 to acquire all the shares of Nankai Mexico, S.A. de C.V. (hereinafter referred to as “NM Co”), a manufacturer of automobile parts in Mexico, and its parent company Nankai Enviro-Tech Corporation (hereinafter referred to as “NET Corp,” both companies collectively referred to as “N Co Group”), a seller of automobile parts in the United States of America, (including indirect holdings in the case of NM Co), and to turn them into subsidiaries, and entered into a share purchase agreement (hereinafter referred to as “the Agreement”).

1. Reason for acquisition of shares

As a plastic molding and processing manufacturer, the Company manufactures high quality products in our own product business and made-to-order product business. The Company decided that it was more effective to incorporate the N Co Group, which is engaged in the automobile business in North America, into the Group as a foothold to expand into North America, a major market for the automobile industry, for the mid- to long-term growth of the automobile business in our business portfolio, and decided to acquire the shares.

N Co Group is a company engaged in the automobile business in North America, trading with global automotive parts manufacturers, and mainly supplying safe automobile parts. Through this acquisition, the Company will be able to incorporate the skills and manufacturing know-how of safe automobile part possessed by N Co Group, as well as a client base into the Group, and increase our competitiveness as a plastic molding and processing manufacturer.

2. Name, Business Activities, and Capital of company to be transferred

Name	(i) Nankai Enviro-Tech Corporation (ii) Nankai Mexico, S.A. de C.V.
Business Activities	(i) Automobile parts sales (ii) Automobile parts manufacture
Capital	(i) USD 1,000,000 (ii) MXN 50,000

3. Counterparty for the acquisition of shares

Kuroda Group Co., Ltd. and Kuroda Electric Co., Ltd.

4. Number of shares to be acquired

Number of shares acquired	(i) 10,000 shares (ii) 500 shares
Ratio of equity interest after acquisition	(i) (ii) 100% (including indirect holdings)

5. Schedule

Date of conclusion of share purchase agreement	May 12, 2023
Effective date of share transfer	May 25, 2023 (scheduled)